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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 000197

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TAGS: [PGOV](#) [ECON](#) [PREL](#) [PINR](#) [CH](#) [TW](#)
SUBJECT: VICE PREMIER-DESIGNATE TSAI ING-WEN ON
CROSS-STRAIT ISSUES

Classified By: AIT Director Douglas H. Paal, Reasons: 1.4 (B/D)

¶1. (C) Summary: Democratic Progressive Party (DPP) Legislator Tsai Ing-wen, an expert on cross-Strait and economic issues, has accepted appointment as vice premier in the new cabinet to be headed by Su Tseng-chang. Tsai is expected to play a leading role on cross-Strait issues, compensating for Su Tseng-chang's lack of experience on the topic. Tsai recently told AIT that Taiwan remains open to developing cross-Strait links, including PRC tourism to Taiwan and regular cross-Strait charter flights, but the question is whether or not the PRC has the political will. Tsai insisted that President Chen's New Year address would

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not mean any change in Taiwan's policy on the cross-Strait status quo. Tsai complained that Kuomintang (KMT) initiatives toward China are undermining the DPP government. End Summary.

¶2. (C) Premier-designate Su Tseng-chang confirmed to the media on January 20 that DPP Legislator Tsai Ing-wen, who previously served as chair of the Mainland Affairs Council from 2000 to 2004, has accepted appointment as vice premier in the new cabinet, which is set to take office next week. Tsai is expected to play a leading role on cross-Strait

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issues in the new cabinet. DPP New Tide faction member Wu Yen-hung, chief of staff for Legislator Hong Chi-chang, told AIT that one option under consideration is for Tsai to serve concurrently as chair of the Mainland Affairs Council, a post she held from May 2000 to May 2004. Wu also suggested that Tsai will bring significantly more stability to Taiwan's

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cross-Strait policy over the next two years than it has had recently.

¶3. (C) Several days prior to the announcement of her appointment as vice premier, Tsai Ing-wen discussed with AIT, President Chen's controversial New Year address and cross-Strait relations. Explaining that she had worked with Chen and therefore understood his thinking, Tsai said that the confrontational tone in Chen's speech reflected his frustration with China and the pan-Blue opposition because

Chen believes he has not received anything in return for taking a centrist position on cross-Strait relations. That said, Chen's address, which was vague on cross-Strait relations, was carefully worded. The speech did not signal a change in Taiwan's basic cross-Strait policies, and Chen's previous assurances on maintaining the status quo (the "four nos and one no change") remain in effect.

¶4. (C) Tsai told AIT that she would not rule anything out regarding the future development of cross-Strait links, including the opening of PRC tourism to Taiwan and of regular cross-Strait charter flights. Opening Taiwan to PRC tourism has been Taiwan's policy for some time, Tsai noted, but there are issues that need to be resolved such as the repatriation of those who overstay their visits. The question now is whether or not the PRC has the political will to move forward. Tsai expressed hope that the U.S. will urge China to work with the Taiwan authorities.

¶5. (C) Tsai noted that a recent public opinion poll showed that the public supported Chen's policy of emphasizing the "active management" of cross-Strait economic links. Asked if the Taiwan government has the capability to actively manage the activities of Taiwan investors in the Mainland, Tsai responded that the "noise" raised by companies indicates their concern that the government does have such a capability. Because the companies are listed and have most of their assets in Taiwan, they are subject to Taiwan's regulatory system, she explained, adding that the concern about losing jobs to China is real. Tsai suggested that the DPP New Tide faction's objections to Chen's new formulation of "active management, effective opening" reflects their business interests. Despite this difference in views, Tsai predicted that the New Tide will support the government's policy.

¶6. (C) Tsai told AIT that Taiwan needs to have a broad internal consensus on how to approach China. The pan-Blue opposition's "diplomacy" toward China, however, is

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undermining the government, she complained. (In an earlier meeting with AIT, when discussing the KMT's initiatives toward China, Tsai had said even more bluntly that Taiwan cannot have "two governments.") While the pan-Blue opposition parties can weaken the DPP government, Tsai observed in the recent meeting, that will not help them because it will radicalize the DPP. One can already see signs in the current rise of radical sentiment at the grassroots level of the DPP, she added.

Comment

¶7. (C) Tsai Ing-wen has been deeply involved in the formulation of Taiwan's cross-Strait policy since she helped author the "two state theory (liang-guo lun)" during the Lee Teng-hui era. With a background in international trade law, she has always been a strong proponent of Taiwan's insistence that China must show respect for Taiwan before there is any substantial relaxation of cross-Strait ties, either political or economic. Nonetheless, she has supported some limited opening, including the mini-three links that allow direct transportation between Taiwan's offshore islands and the PRC.

One question facing Tsai and the new cabinet is whether the two sides will be willing to move ahead now on cargo and passenger charter flights and PRC tourism or whether political friction between Beijing and Taiwan's DPP government will delay the process until after Taiwan's 2008 presidential election, with Beijing anticipating that it may then be able to work with a KMT government more to its liking.

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